DAWN

OPINION

Crypto MoU

IT turned into a surprisingly high-profile event. On Wednesday, Pakistan signed an MoU with SC Financial Technologies, a firm affiliated with World Liberty Financial, which is owned by US President Donald Trump's family, for "structured dialogue and technical understanding around emerging digital payment architectures". Though Finance Minister Muhammad Aurangzeb would describe the MoU as 'non-binding', the state seems to have attached immense importance to it, with Prime Minister Shehbaz Sharif, Field Marshal Asim Munir, Deputy Prime Minister Ishaq Dar and Special Assistant to the Prime Minister Tariq Fatemi personally overseeing the signing of the MoU. The document was inked by Mr Aurangzeb and SC Financial Technologies CEO Zachary Witkoff, who is also the son of Steve Witkoff, US special envoy to the Middle East. Reuters noted this was the first publicly announced tie-up linking World Liberty, launched in September 2024, and a sovereign state.

By Reuters' account, SC Financial Technologies will work with the State Bank "to integrate its USD1 stablecoin into a regulated digital payments structure, allowing the token to operate alongside Pakistan's own digital currency infrastructure". A spokesman for World Liberty Financial told the wire service that, "The agreement […] could help ensure that the US dollar will remain the world's reserve currency. Pakistan will be exploring how […] [the] stablecoin would be used for digital payments and international remittances". This would be a big step for Pakistan, where authorities till recently took a very dim view of cryptocurrencies. Mr Aurangzeb underlined the strategy when he said that the "focus is to stay ahead of the curve" while acknowledging that any new steps Pakistan takes need to be "aligned with regulation, stability, and national interest". It will be a tightrope for regulators to walk, and many other countries will be watching for lessons.

To Mr Aurangzeb's credit, he has always taken a considered stance on the adoption of new technologies. Even with this MoU, it seems that any tangible development will follow "dialogue" and sharing of "technical understanding". As long as Pakistan's crypto push remains tethered to sound principles that seek to protect the national interest and rupee stability, such initiatives should be explored and encouraged. It is hoped that the minister, who is also a seasoned ex-banker, will be similarly thorough in his assessments of all crypto-related proposals, which are likely to land on his table with increasing frequency as more global players take an interest in Pakistan's policy pivot. Many countries have grappled with the idea of introducing cryptocurrency technologies in their formal financial systems, yet there seems to have been little progress in overcoming barriers between traditional systems and new technologies. Perhaps Pakistan can show the world how it may be done.

Visa freeze

THE US government's decision to suspend immigration visas for nationals of 75 countries, including Pakistan, marks an extraordinary escalation in Washington's immigration policy. The move raises questions about proportionality, legality and intent. Applicants can still submit forms and attend interviews, but with no visas being issued, the policy ends up targeting legal immigration rather than illegal border crossings. The administration says the pause is meant to ensure immigrants are financially self-sufficient and do not rely on public welfare. But the visas affected — family-based, employment-based and diversity visas — already involve lengthy screening, background checks and financial requirements. If the real concern is illegal immigration, freezing lawful pathways makes little sense. The policy's selective nature adds to the confusion. Student, tourist and business visas are unaffected, meaning Pakistanis may study or visit the US but cannot settle permanently or reunite with family members. India is reportedly not among the affected countries, though no official list has been released. Without clear criteria or timelines, the step appears arbitrary rather than rules-based. The use of the public-charge rule further weakens the policy's credibility. Reports that applicants may be required to post bonds as high as $15,000 turn immigration into a wealth test. For families from lower-income countries, this creates an almost insurmountable barrier, regardless of skills or sponsorship. The latest guidance from officials gives little reassurance. Interviews will continue, but even visas already approved — if not yet printed — must be refused. Dual nationals applying on passports from unaffected countries are exempt, and vague "national interest" exceptions may be granted, though no standards have been explained.

For Pakistanis, the consequences are immediate. Families waiting for reunification face indefinite delays, professionals with approved petitions are left in limbo, and long-term plans put on hold. Pakistani diplomatic missions are still awaiting detailed instructions, adding to the uncertainty. Visa suspensions are not new in US history, especially during security reviews. But the scale of this pause — covering over 75 countries — is unprecedented. By focusing on legal immigrants while leaving temporary visas untouched, the policy appears to be less about reform and more about exclusion by design. A fair immigration system must be transparent, consistent and focused on individual assessment.

Punjab's EV transition

THE Punjab government's decision to restrict future official vehicle purchases to electric and hybrid models represents a significant policy shift in a province choking on toxic smog. Given the limited size of the official fleet and the gradual pace of its replacement, the move is unlikely to deliver immediate improvement in air quality. Nevertheless, by committing itself to electric and hybrid vehicles as part of its smog mitigation strategy, Punjab is sending a strong market signal to both automakers and car owners to make the shift away from petrol and diesel-powered transport towards cleaner alternatives. By linking future permissions for petrol pumps with the installation of EV charging stations, the government will fast-track the expansion of charging infrastructure and tackle the main impediment to faster EV adoption: range anxiety.

The importance of transition to EVs cannot be overstated. While crop burning is often blamed for toxic air quality in the province — especially in cities like Lahore — several reports conclude that the transport sector is perhaps the more permanent and leading contributor to smog conditions. Transport emissions can account for 39pc to 43pc of air pollution depending on the city, according to some assessments. These emissions are driven by a combination of low-quality fuels and aging vehicle fleets. The problem is complicated by traffic congestion, the reports argue, increasing exhaust emissions in urban areas. While the steps taken by Punjab, such as gradual electrification of mass transport systems in major cities and the distribution of thousands of e-bikes among girls are commendable, the lax enforcement of its plans to crack down on smoke-emitting vehicles is concerning. The transition towards electric mobility will take a long time, official intentions and interventions notwithstanding. Hence, the push for electric transition in the province must be accompanied by sustained, tough actions against polluting petrol and diesel vehicles if the authorities want to deliver breathable air to citizens.

BY FAISAL BARI

Difficult times

We need to start thinking about how we can create more income-generation opportunities.

IQBAL works as a driver with a rent-a-car company. He is usually working six to seven days a week. The company pays him around Rs30,000 as salary. He does make some more as overtime, and though that amount varies by the month, on average he gets another Rs20,000 or so. Adding tips to the total, he makes around Rs65,000 per month. He has a wife and two children who are still in school.

Up to a couple of years ago, Iqbal was able to save a bit every month from his income. But the inflation over the last few years has made his budget a lot more constrained. He is barely able to meet all his routine expenses now. Electricity and gas bills have increased a lot. And the food bill has also almost doubled. He is actively on the lookout for extra driving jobs now so that he can get more overtime payment. He has started skipping lunch unless a client is generous enough to give him lunch or money for lunch.

This is not an isolated case. In their article ('People are eating less') in this paper last week, Zafar Mirza and Miftah Ismail, giving numbers from the *Household Integrated Expenditure Survey 2024-25*, have shown that people are indeed eating less and they have had to tighten their belts further to make ends meet. And this is true for not just lower-income groups but middle-income groups as well.

What has made life a lot harder for Iqbal and his family has been a health shock. His wife has blood pressure and diabetes and has recently been diagnosed with some liver ailment. Doctor's fee, expenses for diagnostic testing and regular costs of medicines have pushed Iqbal into debt. He has been forced to borrow from his relatives, friends and any clients he felt would be kind enough to help him or lend him money.

Each month is a struggle now. Medical expenses are a constant addition to his monthly expenses, but his income has not gone up and there does not seem to be any prospect of income growth either. He has essentially fallen into a debt trap. He has accumulated a significant amount of debt, which there is little possibility of paying, and has no ability to raise further debt. But monthly expenses continue to be higher than his income.

What is a person like Iqbal supposed to do?

This is not the story of just one household in Pakistan. It is the story of a significant proportion of the population of the country. If people have no savings, shocks can be devastating and can push households into debt and poverty. The most common shock seems to be health shocks. For a household of five to six people — the norm in Pakistan — with one or two earners, and with grandparents and children, health shocks are not a surprise at all.

Diabetes, blood pressure, hepatitis, tuberculosis, and many other ailments — a lot of them requiring medium- to long-term and continued care — are quite common in Pakistan. With 40 per cent or so of children afflicted with malnutrition, youngsters falling ill is not unexpected either.

The state does not provide good healthcare facilities. Public sector provision is not only patchy and of poor quality in general, it is also not available everywhere. And private healthcare is expensive. Whenever Iqbal has taken his wife to the public hospital, he has been told to get diagnostic tests done from private laboratories and he has also had to pay for all the medicines. Only the doctor's fee is subsidised by the state. But diagnostic tests are quite expensive. Medicines, too, are expensive and have become even more costly over the last few years.

Do bear in mind that we do not provide any income support through our social protection institutions and programmes to those who are above very low-income levels. The Benazir Income Support Programme is for the very poor and does not extend beyond. There are no programmes for the working or low-income poor.

What could be the way out for Iqbal? Can he increase his income? He could try to work more hours. That is not easy though. He could pull out one or more of his children from school and push them into the workforce. But given the unemployment rates in the country, this is not much of an option, especially if the children are still in the early to middle stages of their education. And the loss in terms of a child not completing his or her education is seen in the medium- to long-term damage to the country.

It is at the level of the state that we can actually change things. In fact, it is the responsibility of the state to do so. A large proportion of Pakistanis have fallen on hard times, even a larger proportion has become more vulnerable to shocks than before. It is the responsibility of the state to do something about this. It is here, even in terms of intentions, that we do not find anything. We need to start thinking about how we can create more income-generating opportunities for people. And we need to think about extending support to those who are falling on hard times. Probably the best way to do this — and this is being done and has been done in many countries — is to extend health and education facilities of decent quality to all citizens, especially those who are struggling. This could help a lot of people in major ways. But, of course, in an elitist and elite-captured state, this will not happen easily. It will require a major overhaul of the governance system and governance ethos in the country. This, at least for now, does not seem to be on the horizon. ■

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BY KHURRAM ABBAS

Multipolar South Asia

SOUTH Asia remained largely bipolar during the Cold War era due to India's inward-looking approach and Pakistan's proactive alignment with the West. However, the balance of power steadily shifted in India's favour in the first quarter of the 21st century. Islamabad's internal security and economic fragility, a pro-India regime in Dhaka, Delhi's rising economic profile, Beijing's hesitation to proactively engage in South Asia's security and strategic affairs and Washington's decision to embolden India as a bulwark against China led to the emergence of a belligerent India in the region.

Change is the only constant in international affairs. This also applies to South Asia, where the region is witnessing profound geopolitical shifts. Today, Pakistan wants to reclaim its political space in South Asia. Beijing is eager to expand its footprint in the region, while Dhaka is showing defiance against Delhi's assertive policies and domestic interference. Islamabad considers it a conducive environment for promoting the idea of a 'multipolar' South Asia. Islamabad believes that a resurgent Pakistan, assertive Bangladesh and proactive China can effectively limit Indian influence and reclaim its strategic space in the region.

In the South Asian context, multipolarity does not imply the emergence of several equal great powers, but rather the dilution of India's structural dominance through the rise of alternative and consequential regional pillars. Multipolarity, as envisaged by Islamabad, signifies a regional order in which China, Bangladesh and Pakistan emerge as equally important strategic, economic and political poles alongside India, rather than remaining peripheral or subordinate actors.

South Asian states have already welcomed Chinese economic activities under the Belt & Road Initiative. Now, Islamabad envisages a proactive approach by Beijing in establishing sub-regional forums sans India, and deeper technological and security cooperation with smaller South Asian states. Similarly, Islamabad is trying to embolden Dhaka as an assertive power within the South Asian region. Islamabad has calculated that a politically independent, economically stable and militarily assertive Dhaka will challenge India's assertive policies. A stronger Bangladesh with advanced air and naval power will challenge Delhi's uncontested influence in the Bay of Bengal. Hence, an emboldened Dhaka will indirectly complement Islamabad's strategic overtures in South Asia. This is why Islamabad is strengthening Dhaka's defence through deepening cooperation in the naval, air and military domain.

Multipolarity in South Asian affairs will introduce several strategic and political opportunities for the regional states. First, the significance of smaller South Asian states such as the Maldives, Sri Lanka, Nepal and Bhutan will increase in a multipolar South Asia as the competing powers will likely try to persuade them to join their respective blocs. Similarly, a multipolar South Asia will also increase strategic and political options for smaller South Asian states. Historically, the smaller South Asian states did not enjoy abundant strategic options; rather, they had to rely only on India. In a multipolar South Asia, smaller states will have the diplomatic flexibility to adopt an issue-based cooperation strategy on trade, energy, climate, security, etc, rather than entering into rigid bloc politics.

> A multipolar South Asia will limit Delhi's ability to unilaterally shape the norms of regional forums.

Second, a multipolar South Asia will limit Delhi's ability to unilaterally shape the norms of regional forums. For instance, Delhi's unilateral decision to boycott Saarc in 2016 paralysed the only regional forum in South Asia. However, a multipolar South Asia will create space for alternative sub-regional frameworks.

Third, attempts for the establishment of a multipolar South Asia will enhance Pakistan's regional and global political profile as a facilitator of multi-vector regional alignment rather than simply being a bilateral rival of India.

However, there are significant risks involved in promoting the idea of a multipolar South Asia. First, Islamabad's attempts towards the establishment of a multipolar South Asia will lead to another episode of intense geopolitical competition within the region. This intensified geopolitical competition will adversely affect efforts for regional connectivity. In this intense competitive environment, South Asian states will prioritise sub-regional forums over regional frameworks as consensus-building in a regional forum is perhaps near impossible. One practical manifestation is the growing emphasis on mini-lateral frameworks that operate outside India-centric regional institutions. The establishment of the Bangladesh-China-Pakistan strategic forum reflects this evolving trend.

Second, Delhi will resist a multipolar South Asia through economic resources, diplomatic campaigns and establishing strategic partnerships with its neighbouring countries to reassert its primacy in the region. These strategies will add pressure on the foreign policy of smaller South Asian states.

Third, the uncertain domestic political environment of Bangladesh with its inconsistent foreign policy approaches, and long-standing Pakistan-Bangladesh issues such as Dhaka's demands for an apology for the 1971 events and repayment of assets in undivided Pakistan, may hinder efforts towards a strengthened and effective multipolar South Asia in the long term.

Since the beginning, Islamabad has been concerned about the South Asian region becoming hostage to a single dominating power. While smaller South Asian states, too, had inherent insecurities on account of India, they tried to address them through engagement with New Delhi — on the latter's terms. Islamabad, on the contrary, tried to challenge Indian dominance with a two-pronged strategy. Externally, it formed an alliance with the West to militarily enable itself against India, while within the region, it made efforts to establish a regional organisation (Saarc) in 1985 with the help of smaller South Asian states to defy the single country's dominance.

Islamabad considers it another '1985 moment', when it successfully aligned with smaller South Asian states and persuaded New Delhi to operate as one stakeholder among many, rather than as the region's sole arbiter. The critical question is whether Islamabad's push for a multipolar South Asia will replicate its 1985 success or reinforce regional polarisation. ■

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